DOCUMENT RESUME

ED 257 490 JC 850 248

AUTHOR Astor, Bart
TITLE Pre- and Post-Proposition 13 Budgets for Cabrillo Community College District: A Comparison Study.
INSTITUTION Cabrillo Coll., Aptos, Calif.
PUB DATE [83]
NOTE 13p.
PUB TYPE Reports - Research/Technical (143)

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS *Budgets; *Community Colleges; Comparative Analysis; *Financial Problems; Financial Support; *Retrenchment; State Aid; State Legislation; Two Year Colleges
IDENTIFIERS California

ABSTRACT

The passage of the Jarvis-Gann initiative (Proposition 13) in California made it illegal for community colleges to tax local homeowners for the purpose of increasing revenue. The impact on the colleges of decreased local revenues was drastic, though less than had been predicted. In 1979, the districts received funding which was 85% of the level of the previous year. At Cabrillo College, cuts were instituted totalling $2.8 million to achieve a 25% reduction in projected revenue. The priority status of every institutional area was dependent on how closely it supported the college's central function of teaching and learning. Salaries were reduced by 9.1% in 1978-79. Since personnel expenses accounted for 80% of expenditures and since, by 1981, non-personnel expenses had been cut to a bare minimum, the administration was forced to cut salaries: in 1981-82 there was no cost of living adjustment and both classified and certificated personnel were reduced. Other changes were an increase in the state portion of community college revenue from 41% in 1977-78 to 71% in 1981-82 and a decline in local revenue from 59% in 1977-78 to 20% in 1981-82. One effect of the cutbacks in local support of community colleges has been to effectively eliminate local fiscal control and to increase state authority over the colleges. (HB)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED257490

PRE- AND POST-PROPOSITION 13 BUDGETS FOR CABRILLO COMMUNITY COLLEGE DISTRICT: A COMPARISON STUDY

by

Bart Astor
Director of Financial Aid

CABRILLO COLLEGE
APTOS, CALIFORNIA

JC 850 248

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☐ This document has been reproduced as received from the person or organization originating it.

☒ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official NIE position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

Bart Astor

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

Pre- and Post-Proposition 13 Budgets for Cabrillo Community College District: a Comparison Study

by

Bart Astor

Following the election of June 6, 1978, the plight of the California Community Colleges, for better or worse, would never be the same. The immediate cause was, of course, the passage of the Jarvis-Gann Initiative, Proposition 13, for this imposed a maximum amount of any ad valorem tax on real property of 1% of the full cash value of such property. The resulting reduced revenue was then to be "apportioned according to law to the districts within the counties."[1] In addition, Section 1B of the new law made it illegal for community colleges to tax local homeowners for the purpose of increasing revenue; the community colleges were to rely more and more on state apportionment as the local revenue would shrink.

One year later, The California Journal summarized the first year's effects on community colleges in the following way: "These districts received funding equivalent to 85% of what they received last year. The first community college casualty was summer school. Most districts cancelled summer programs completely or reduced the class offerings. As a result of similar class cuts for the fall semester, enrollment appeared to be dropping. In Northern California colleges, enrollments were down 10 to 15%."[2] (Note: The Cabrillo College enrollment from 1977-78 to 1978-79 fell 10.7%).

In this paper I will recount the budgetary and fiscal events that occurred at Cabrillo College immediately after the passage of Prop. 13, and show comparisons

between each of five published budgets of the district. These will include the year preceding Prop. 13 ('77-78) as the base year, and the four years hence. Table 1 is the actual dollars budgeted per item for each year, while Table 2 shows these same comparisons after adjustments were made for both inflation (according to the Consumer Price Index[3]) and the enrollment figures. Adjustment for enrollment is necessary in that income from the state is based on average daily attendance (ADA) and only by accounting for enrollment differentials can we get a true picture of the fiscal situation.

It is important to note that prior to the election, many segments of the community colleges were heavily involved in lobbying efforts since, as we shall see, early estimates of reductions were extremely severe (almost 25% at Cabrillo). As we shall also see, that first year had devastating projections, while the following three years began to look brighter and brighter. Recall, however, that the Brown administration had built a state reserve of almost $5 billion which was granted to the counties to ease the expected burden. When that surplus was depleted, the outlook grew dim.

Immediately after the passage of Prop. 13, the President of Cabrillo College, Dr. John C. Petersen, issued two memoranda to the Governing Board. In the first, he explained that a literal interpretation indicated a reduction of 24.9% of total projected revenue for 1978-79, assuming pro-rata distribution of remaining tax revenues. In addition, the exact amount of funds available to conduct the business of the college depended upon actions yet to be taken by the California legislature, although estimates ranged from 62.5% to 90% of the previous year's budget. Furthermore, spokespeople at the Chancellor's

Office had suggested that 80% of the '77-78 budget was a realistic figure. The President went on to say that budget reductions would be done in priority order, and since he believed that "the central task of the College is teaching and learning, the priority status of everything is dependent on how closely it supports that central function."[4] Inasmuch as almost 85% of the Cabrillo budget was for personnel, it was inevitable that reductions would have to be made in those accounts.

Dr. Petersen proposed reductions in all major areas of the budget. To achieve a 25% reduction in projected revenue, cuts totalling as much as $2.8 million were identified. The recommendations included:

Administration/Management: cutting costs by at least 15% through a combination of reassignment, attrition and layoff.

Capital Construction: deferring the music building project until the state support position had been determined.

Equipment: reducing the budget for new equipment and replacements by 50%.

Supplies: reducing the budget for instructional and other supplies by 20%.

Fees: making maximum use of allowable fees (Note: the State Education Code severely limits allowable fees), re-negotiating the agreement with the County Transit District or discontinuing the transit subsidy, and increasing the fees for use of the College facilities.

Mileage/Travel/Conferences: reducing by 60%.

Student Assistants: reducing by 90%.

Community Services: reducing by at least 60%. Summer theater, summer recreation and short courses to be placed on a self-support (including overhead) basis. Eliminating administrative support to the Santa Cruz Symphony and Music Festival.

Instructional Support: reducing library hours, audio-video services and duplicating services.

Student Services: counselors would assume overload classes where possible and conduct summer registration counseling without compensation. Laying off of part-time staff, reducing student activities support, re-examining the use of all external funds.

Intercollegiate Athletics: reducing the budget substantially. Possibilities included suspending competition in some sports, eliminating overnight trips and post season championship competition.

Support Staff: reducing the budget by 30%, to be accomplished by a combination of attrition and layoff. Positions presently vacant would account for a substantial portion of this reduction.

Part-time Instructors: reducing the budget by more than 50%, assigning classes presently scheduled for part-time facutly to regular faculty as overloads, or cancelling sections where class size may be increased in other sections.

In the second memorandum, Dr. Petersen recommended that all sabbatical leaves already approved be postponed until circumstances permitted reinstatement of the program, and that the Classified, Management, Confidential Faculty and Administrative salary schedules, as well as the President's contract, be frozen at the 1977-78 level (step and column increases would total approximately $170,000).[5]

In fact, if one looks at Table 1, one can see that although salaries in general were reduced 9.1% in the '78-79 year, the salaries of full-time contract instructors actually rose 1.8%. Dr. Petersen's recommendation had clearly been approved: classified staff were reduced in numbers causing the 9.1% overall reduction, and certificated salaries were indeed frozen. In that first year after Prop. 13, the largest cuts in actual dollars were made in the classified and certificated non-teaching categories (12.4% and 79.2% respectively) and in all of the part-time categories, while full-time teachers took no cut. If one looks at Table 2, which adjusts actual dollars for both inflation and enrollment, one sees that administrative salaries also rose, while everything but full-time instructors' salaries declined.

Those responsible for the budget made a clear statement that the central mission was instruction and that proposed cuts would reflect that mission. Interestingly

enough, by the fifth year (1981-82), the first year after the state surplus had run out, the adjusted figures would even out somewhat, and although support staff would take an adjusted cut of over 42%, the instructors and administration were close behind at 36% each. Since the overall adjusted expenditures declined 38.5% from the base year, one can safely say that with few exceptions, most areas of the college were hurt equally (although it did take those 4 years before equality was reached). The major disproportionate cuts appeared in the certificated, non-teaching category, in the supplies budget, and in the budget for travel and meeting. However, classified, support staff could not forgive the administration for the disastrous reductions made initially and carried forward each successive year. Staff morale remained low, trust was, at times, non-existent, and when it became clear early in 1983-84 that the worst was yet to come, everyone held his or her breath in anticipation. (Note: reality hit hard as Fall, 1983 saw layoffs of 24 certified and 12 classified positions).

As is the case with most colleges, and in particular, non research-oriented schools of higher education, Cabrillo College's budget is considerably personnel heavy. The change in percentage of dollars budgeted for personnel related expenses (salaries plus benefits) over the years in question shows another interesting effect of Prop. 13. In our base year, personnel expenses accounted for 80.4% of the expenditures. In '78-79, that rose slightly to 80.8%, then to 81.7% in '79-80, and peaked at 84.1% in 1980-81. By 1981, non personnel expenses had been cut to their bare minimum, and the administration could no longer avoid cutting salaries. Although step and column raises were given, there was no Cost of Living Adjustment (COLA) in 1981-82, and in addition, both classified and certificated personnel were reduced; the percentage of personnel expenses dropped again to 81.8% of the total budget. Cabrillo, like the other community colleges,

found itself with almost 85% personnel. With great sadness, and at the expense of service to the student and the community, employees had to lose their jobs.

The California Community College Chancellor's Office prediction of a 24.9% immediate reduction in funding, with which Cabrillo administration initially concurred but later adjusted, had obviously been overstated (the actual amount was only 9.5%). The adjusted income, due to the adjustments for enrollment and inflation, was even less: 6.4%. However, a partial and unofficial "hold harmless" for income vs. enrollment drop was enacted which, if discounted, would mean that the adjusted income for that first year resulted in a decrease of 15.5%. The Chancellor's Office prediction was dangerously close to accurate. Had the state not have increased the per student contribution quite significantly (a 45% increase), the enormous decrease in local revenue (52.3%) would have resulted in an overall income reduction of over 28% in actual dollars, and 33% in buying power. The Chancellor's prediction could actually have been an underestimate.

Furthermore, two years later, in 1980-81, and in adjusted dollars, the total expected income of Cabrillo College had declined by significantly more than the Chancellor's prediction. The staggering rate of inflation, which resulted in a Consumer Price Index for 1978 to 1982 of 52.8%[6], created havoc upon the budget. Overall, the income differential, after adjustments, which equals Cabrillo's buying power, was reduced 39%, while interestingly enough, the state apportionment kept pace with inflation (the CPI change from 1978-79, the first year after the state apportionment/local income ratio change, to 1981-82 was 43.3% while the state apportionment itself rose 54.7%). In actual dollars, the local share of income rose only 10.3% for that same period, and in adjusted dollars, the local income, therefore, DECREASED by 50.3%!

One of the changes legislated by Proposition 13 was a state imposed limit on thelocal income that could be generated. This changed the formula for community college funding, and is one of the most significant effects of the law. In 1977-78, our base year, the state portion of revenue was equal to about 41%, while the local, federal and other income combined for the remaining 59%. In 1978-79, however, the state would contribute over 66%, while the local, federal and other would be only 34%. By 1981-82, the state's contribution had risen to over 71%, while the local contribution was just barely over 20% (federal and other constituted the remaining 9%). Proposition 13 had effectively eliminated local fiscal control. It would simply be a matter of time before the entire community college system would be another state agency complete with academic powers as well (the state's decision in 1982 to not fund certain "self-growth" courses previously offered at the colleges is a clear indication of the academic control now held centrally).

The effects of Proposition 13 were indeed dramatic and significant. The accompanying tables and descriptions demonstrate merely one aspect of these effects. Since the Cabrillo College budget, as presented, is published in line-item fashion, only those comparisons could be made. One suspects, however, that a review of a program budget would find equally fascinating results.

It has been said that to truly understand the priorities and loyalties of an organization, one merely has to look at the dollars budgeted accordingly. Both Cabrillo College's administration and the state legislature are on record as saying that instruction is the primary mission of the community colleges. The initial impact of the Jarvis-Gann Initiative indeed spared instruction. However, it has become evident through inspection of this one college, that perhaps this

hard line has seen some erosion. Classified support staff have gained some ground relative to certificated and management, as the student emphasis has broadened to include services. Whereas in ancient Greece one might have spotted Socrates lecturing to a group of students in the middle of a field, the modern student demands a heated, clean classroom, professional counseling, health and tutorial services, and a good deal of financial aid to help defray the spiralling costs. Proposition 13 would change the total dollars spent, not necessarily how they were spent.

TABLE 1, COMPARISON OF CABRILLO COLLEGE BUDGETS, UNADJUSTED

INCOME	1977-78	1978-79	%Δ '77-78	1979-80	%Δ '77-78	1980-81	%Δ '77-78	1981-82	%Δ '77-78
Beginning Balance	348,137	1,127,299		1,194,257		1,000,966		1,554,562	
Federal Income	339,546	317,725	(7.4)	397,167	17.0	364,794	7.4	372,321	9.7
State Income	4,642,298	6,728,833	45.0	7,559,899	62.8	9,085,698	95.7	10,407,818	124.2
Local Income	5,799,796	2,764,163	(52.3)	3,037,611	(47.6)	3,061,925	(47.2)	3,050,221	(47.4)
Tuition/Other Inc.	422,575	329,000	(22.1)	472,000	11.7	547,000	29.4	823,044	94.8
TOTAL INCOME	11,204,215	10,139,721	(9.5)	12,171,413	8.6	13,059,417	16.6	14,653,404	30.8
EXPENDITURES									
Contract Teaching	3,397,145	3,457,020	1.8	4,122,971	21.4	4,366,937	28.5	4,669,848	37.5
Part-time Teaching	870,822	757,480	(13.0)	833,301	(4.3)	1,348,438	54.8	1,179,560	35.4
Administration	967,098	946,404	(2.2)	1,048,975	8.5	1,092,125	12.9	1,191,539	23.2
Certif. Non-teach.	169,178	34,161	(79.2)	248,421		53,100		76,480	(54.8)
Classified/Support	1,786,538	1,561,215	(12.4)	1,885,145	5.5	1,914,845	7.2	2,212,118	23.8
Classified/Teach.	134,772	117,548		114,643		177,600		208,963	55.0
Parttime nonteach.	335,394	104,755	(68.9)	279,357		490,713		449,926	34.1
Parttime Teaching	142,680	55,585		161,056		95,050		208,546	46.2
Benefits	1,206,477	1,245,975	3.3	1,473,173	22.1	1,823,126	51.1	1,919,140	59.1
Instr. Supplies	306,016	241,831	(21.0)	282,035		300,195		319,972	4.6
Non-Instr. Suppl.	210,818	200,780		194,205		218,455		215,760	2.3
Replacements	69,350	54,770		75,520		39,699		139,939	101.8
Special Contracts	83,845	23,750	(71.7)	37,350		68,698		84,131	0.3
Meetings/Travel	49,539	27,900		35,600		29,250		47,450	(4.3)
Insurance	125,300	97,500		102,600		97,600		82,200	self
Utilities	393,375	413,625		416,400		423,350		516,741	31.4
Repairs/Maint.	215,053	262,701		275,590		251,840		360,100	67.4
Legal/Audit/Elect.	13,400	84,000		110,500		82,875		122,200	
Other Services	198,573	300,710		296,874		248,970		246,612	24.2
Capital Equipment	120,102	104,300		141,000		55,393		251,665	109.5
TOTAL EXPENDIT.	11,211,857	10,249,010	(8.6)	12,439,989	11.0	13,509,659	20.5	14,809,091	32.1
TOTAL PERSONNEL	9,010,104	8,280,143	(9.1)	10,167,042	12.8	11,361,934	26.1	12,116,120	34.5

BEST COPY AVAILABLE

TABLE 2. COMPARISON BUDGETS, ADJUSTED FOR CPI & ADA

INCOME	1977-78	1978-79	% Δ '77-78	1979-80	% Δ '77-78	1980-81	% Δ '77-78	1981-82	% Δ '77-7
Beginning Balance	348,137	1,165,558		974,694		642,270		743,292	113.
Federal Income	339,546	328,508		326,681		222,652		173,540	(22.1
State Income	4,642,298	6,957,196	49.9	6,218,229	33.9	5,545,456	19.5	4,848,628	4.0
Local Income	5,799,796	2,857,973	(51.0)	2,498,520	(57.0)	1,868,846	(68.8)	1,420,988	(75.0
Tuition/Other Inc.	422,575	340,165		388,233		333,861		383,427	(9.3
TOTAL INCOME	11,204,215	10,483,842	(6.4)	9,431,663	(10.6)	7,970,815	(29.0)	6,826,486	(39.0
EXPENDITURES									
Contract Teaching	3,397,145	3,574,344	5.2	3,391,259	(0.2)	2,665,360	(22.5)	2,175,514	(36.0
Part-time Teaching	870,822	783,187		685,413		823,019		549,515	(37.0
Administration	967,098	978,523	1.2	862,811	(10.8)	666,578	(31.1)	620,954	(36.0
Certif. nonteach.	169,178	35,320		204,333		32,416		35,529	(79.0
Classified/support	1,786,538	1,614,200	(9.7)	1,550,585	(12.2)	1,168,726	(34.6)	1,030,546	(42.3
Classified/Teach.	134,772	121,537		94,297		108,398		108,898	(19.2
Parttime nonteach.	335,394	108,310		229,779		299,507		209,604	(37.5
Parttime Teaching	142,680	57,471		132,473		58,014		97,154	(32.0
Benefits	1,206,477	1,288,261		1,211,726		1,112,745		894,058	(26.0
Instr. Supplies	306,016	250,038		231,983		183,224		149,063	(51.3
Noninstr. Supplies	210,818	207,594		159,739		133,334		100,515	(52.3
Replacements	69,350	56,629		62,117		24,230		65,192	(6.0
Spec. Contracts	83,845	24,556		30,721		44,080		39,193	(52.3
Meetings/Travel	49,539	28,847		29,282		17,853		22,105	(53.4
Insurance	125,300	100,809		84,391		59,570		38,294	(69.5
Utilities	393,375	427,663		342,501		258,392		269,292	(31.5
Repairs/Maint.	215,053	199,602		226,680		153,711		167,757	(22.0
Legal/Audit/Elect.	13,400	86,851		90,889		50,583		56,929	
Other Services	198,573	310,915		244,187		151,959		114,888	(42.2
Capital Equipment	120,102	107,840		115,976		33,809		117,242	(2.4
TOTAL EXPENDIT.	11,211,857	10,596,841	(5.5)	10,232,239	(8.3)	8,245,621	(26.5)	6,899,022	(38.5
TOTAL PERSONNEL	9,010,104	8,561,153	(5.0)	8,362,676	(7.2)	6,934,757	(33.0)	5,721,872	(36.5

NOTES

1. Constitution of the State of California, Article XIIIA, Section 1A.

2. California Center for Research and Education in Government, "Proposition 13 Casualty Reports: Much lighter than predicted", Tax Revolt Digest, Volume 1, No. 1, in California Journal, Volume 9, No. 11, November, 1978.

3. U.S. Department of Commerce, Bureau of the Census, Statistical Abstract of the United States, 1982-83 National Data Book and Guide to Sources, 103rd edition, p. 450-470.

4. Petersen, John C., "Memo to Members of the Governing Board", June 12, 1978.

5. Petersen, John C., "Memo to Members of the Governing Board", June 12, 1978.

6. U.S. Department of Commerce, Bureau of the Census, Statistical Abstract, p. 450-470.

BIBLIOGRAPHY

1. Cabrillo College Budget Handbooks, 1977-78, 1978-79, 1979-80, 1980-81, 1981-82.

2. California Center for Research and Education in Government, "California Journal Ballot Proposition Analysis", California Journal, Volume 9, No. 5, p. 6-7, May 1978 (June insert).

3. California Center for Research and Education in Government, "Proposition 13 Casualty Reports: Much Lighter than Predicted", Tax Revolt Digest, Vol. 1, No. 1, in California Journal, Vol. 9, No. 11, November 1978.

4. Mitchell, Laura Remson, "Life After Jarvis: How Proposition 13 changed assessment practices", California Journal, Vol. 9, No. 12, December 1978, p. 400-402.

5. Petersen, John C., "Memo to Members of the Governing Board", June 12, 1978.

6. Petersen, John C., "Memo to Members of the Governing Board", June 12, 1978, number 2.

7. United States Department of Commerce, Bureau of the Census, Statistical Abstract of the United States 1982-83 National Data Book and Guide to Sources, 103rd edition, 1983.

ERIC Clearinghouse for Junior Colleges

JUL 5 1985